

1926

GASOLINE TAX

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GASOLINE TAX. Initiative measure. Requires every distributor of gasoline, distillate and other motor vehicle fuels, to pay license tax of one cent per gallon, in addition to two-cent license tax now required by law; said additional tax to be applied toward paying one-third of refunds now required by law, and balance credited to State Highway Construction Fund and used for acquiring rights of way for, and construction of, highways under jurisdiction of California Highway Commission; declares act effective January 1, 1927, and subject to amendment or repeal by the Legislature after January 1, 1939.

YES

NO

(For full text of Measure see page 9, Part II.)

Argument in Favor Gasoline Tax Initiative Measure.

This measure providing for a one-cent additional gasoline tax, the proceeds of which are to be used for the completion of our state highway system, is the method of financing recommended by the Highway Advisory Committee appointed by the Governor in 1924 in pursuance to an act passed by the legislature in 1923, and is sponsored by the County Supervisors Association of the State of California and by the California State Automobile Association.

The money received by the state from the existing two-cent tax is required by law to be used for maintenance and reconstruction only. This proposed increase is solely for new construction.

It is reliably estimated that the expenditure of approximately \$125,000,000 will be required to complete our system of state roads which comprise about 6500 miles of the main arteries of travel of the state. Upon this system there has already been expended in excess of \$100,000,000.

Not only its vehicular traffic requires it, but the very development of our state demands that this system of highways be completed at the earliest possible time commensurate with sound business policy.

The proposed gasoline tax measure will provide on an average, through a twelve-year period somewhat more than \$10,000,000 annually, thus insuring the completion of these highways within that time. This rate of progress is likewise recommended by the Highway Advisory Committee, the County Supervisors Association of the State of California and the California State Automobile Association. Any additional money which the state may receive, such as federal aid, will augment this amount and tend to secure the completion of this important work at an earlier date.

By the assurance of a definite construction fund, through a period of years, the labor and material industries will remain stabilized and prices reasonable. The gasoline tax is the fairest and most equitable manner of raising money for highway purposes. Its workability has been thoroughly proven by experience, not only in California, but in the 44 of the 48 states where it is employed for the same purposes.

The gasoline tax method is such that the

users of the highways pay for their cost in exact proportion to the use. It is the only practical method that can be devised which collects from the hundreds of thousands of motorists of other states, who annually use our California highways, a fair share of the cost of construction and maintenance of these highways. It will provide ample funds yet will in no manner disturb our state tax system, nor impose an additional burden upon the property owner. The additional cost to each motorist will be approximately \$5 per annum per car. Compare this cost with the saving a completed highway system will mean in gas consumption, tire wear and general depreciation to say nothing of time saved, increased comfort in traveling and access to all regions of the state.

The adoption of the gasoline tax is not only a sound investment for the individual motorist, but will result in the development of California through the completion of an unrivaled highway system.

A. H. BREED,

President pro tempore, California Senate.

ED. P. SAMPLE,

State Senator, Fortieth District.

Argument Against Gasoline Tax Initiative Measure.

VOTE NO ON THE PROPOSED GASOLINE TAX INCREASE!

This measure would increase the \$37,000,000 to \$39,000,000 annually which California motorists now pay in taxes by between \$8,000,000 and \$10,000,000 per year. With the proposed increase, California motorists would pay \$45,000,000 to \$47,000,000 annually; more than the combined total of \$41,000,000 paid in 1925 by all the railroad, telephone, telegraph and power companies and other corporations into the general revenue of the state.

As a citizen of California you should vote against this measure because:

1. A huge sum which will be raised by this tax will be spent in the construction of state highways without any directions or restrictions whatever as to how, when or where the money is to be expended. Highway contractors, road material men and road machinery dealers estimate that it will raise \$120,000,000 in twelve years. Added to pres-

ent taxes this means, during the next twelve years, about \$500,000,000 in taxes.

2. It proposes no plan for the completion of our state highway system.

3. It gives no assurance that trunk highways, interstate connections, the Bay Shore highway or county seat laterals will ever be completed.

4. It completely junks the recommendations of the Highway Committee of Nine for future financing of state highways.

5. It fails to keep pledges repeatedly made to the people of California who voted for bond issues that bond issue roads should receive first benefit from additional construction funds.

6. It creates a political grab-bag for the benefit of politicians.

7. It imposes on automobile owners the cost of constructing state highways as well as maintaining them. This is contrary to the principal laid down in the state constitution that the expenses of the state should be paid through taxes on the gross receipts of corporations. We do not charge the cost of building our state universities to the students who attend them, nor the cost of constructing armories to the members of the state militia, nor the cost of building asylums and hospitals to the persons who use them. Why should we single out the automobile user and make him pay for the cost of constructing state highways when the real estate speculator, the billboard owner and others benefit without taxation?

8. It presents no solution of the problem of financing the improvement of streets in cities and towns. The greatest use of automobiles today is on city and town streets, yet this measure does nothing for either the

construction or maintenance of such streets nor for the relief of property owners who pay assessments to build and maintain such streets.

9. It means that working men and poorer citizens who travel on city and town streets and county roads will pay the bulk of the tax and get practically no benefit. More than two-thirds of the automobiles registered in California cost their present owners less than \$1,000. More than two-thirds of the mileage traveled in the state is in these machines. They will pay the bulk of this proposed tax.

10. It means that motorists will pay a higher percentage of tax than is paid on any other business or property.

11. It increases the cost of transportation from farm to city and from city to farm, thus increasing the cost of living.

12. It can not be repealed by the legislature for twelve years.

13. No other class of personal property is taxed so heavily as the motor vehicle. To create a new tax on it is to add to the present registration and weight fees, 4 per cent gross receipts tax on common carrier vehicles, federal excise tax, city and county personal property taxes and the present 2-cent gasoline tax for highway maintenance.

Low cost transportation is necessary to continue the prosperity of the State of California. The proposed new tax should be defeated.

VOTE NO!

HARRY A. CHAMBERLIN,
State Senator, Thirty-first District.

J. J. DEUEL,
Manager Law and Utilities Department,
California Farm Bureau Federation.

SALARIES OF STATE OFFICERS. Senate Constitutional Amendment

23. Amends Section 19 of Article V of Constitution. Declares compensation of Secretary of State, Controller, Treasurer, and Surveyor

General, shall be seven thousand dollars each per year, Attorney General and Superintendent of Public Instruction eight thousand dollars each per year; such compensation to be in full for all official services during their respective terms of office; provides that the Legislature may diminish such compensation but can not increase the same.

YES

NO

(For full text of Measure see page 11, Part II.)

Argument in Favor of Senate Constitutional Amendment No. 23.

This amendment leaves the salaries of the Governor and Lieutenant Governor at the present figure, but proposes to raise the salary of the Secretary of State, State Controller, State Treasurer and State Surveyor General from \$5,000 to \$7,000 per year. It would also increase the salary of the Superintendent of Public Instruction from \$5,000 to \$8,000 a year and of the State Attorney General from \$6,000 to \$8,000.

The state officials are now receiving less salary than many of the county officials in

some of the larger counties of the state. A salary of \$5,000 a year for a state official is totally inadequate for the duties performed and for the immense responsibility assumed. In justice the increase should be much more than that proposed in this amendment. The state controller handles millions of dollars and assumes grave responsibilities. If he were doing the same work for a private corporation he would undoubtedly receive from three to four times the present salary of \$5,000 a year. The salary of the State Superintendent of Public Instruction is only \$5,000 and he appoints superintendents of normal schools who get as high as \$7,200 a year.

PART II

Appendix

GASOLINE TAX. Initiative measure. Requires every distributor of gasoline, distillate and other motor vehicle fuels, to pay license tax of one cent per gallon, in addition to two-cent license tax now required by law; and additional tax to be applied toward paying one-third of refunds now required by law, and balance credited to State Highway Construction Fund and used for acquiring rights of way for, and construction of, highways under jurisdiction of California Highway Commission; declares act effective January 1, 1927, and subject to amendment or repeal by the Legislature after January 1, 1939.

YES

NO

Sufficient qualified electors of the State of California present to the secretary of state this petition and request that a proposed measure, as hereinafter set forth, be submitted to the people of the State of California for their approval or rejection, at the next ensuing general election. The proposed measure is as follows:

PROPOSED LAW.

The people of the State of California do enact as follows:

Section I. In addition to the two cents license tax provided for in an act entitled "An act to regulate and license the business of producing, refining or distributing gasoline, distillate and other motor vehicle fuels, providing for the collection and disposition of license taxes, prescribing penalties for violation of the provisions of said act, and repealing all acts and parts of acts inconsistent herewith," approved May 30, 1923, and referred to herein as the "original act," every distributor, as defined in said "original act," shall pay a license tax to the state controller of this state of an additional one cent for each gallon of motor vehicle fuel, as defined in said "original act," such a license tax to be computed, paid and collected at such intervals of time and in such manner as in said "original act" provided.

All moneys received by the state controller in payment of the license tax under the provisions of this act shall be by him deposited in the state treasury of this state and credited to the "motor vehicle fuel fund," as created in said "original act" and shall be subject to the payment of one-third of the refunds provided for in section eleven of said "original act" in the manner therein provided. After the payment of said proportion of said refunds, the balance of said moneys received hereunder shall be by the state controller credited to the "state highway construction fund," which fund is hereby created.

Section II. All moneys so credited to said state highway construction fund shall be used and expended by the California highway commission of this state for the acquisition of rights of way for, and the construction of roads and highways under the jurisdiction of the said California highway commission upon warrants drawn by the state controller upon demands made by the said California highway commission and allowed and audited by the state board of control of this state.

Section III. All provisions and requirements now contained in said "original act," not inconsistent herewith, shall apply to this act, notwithstanding any repeal or amendment of said "original act," hereafter.

Section IV. This act shall take effect on January 1st, 1927.

Section V. This act shall be subject to amendment or repeal by the legislature after January 1st, 1939.

PROVISIONS REFERRED TO.

The original act providing for a tax on motor fuels (chapter 267, statutes of 1923, p. 571) and referred to in the foregoing initiative measure as the "original act" follows:

Section 1. The following words, terms and phrases shall whenever used in this act, have the meaning set forth in this section.

(a) "Motor vehicle" shall include every vehicle operated upon the highways of this state which is propelled by the use of motor vehicle fuel.

(b) "Motor vehicle fuel" shall include all gasoline, distillate, benzine, naphtha, liberty fuel and other volatile and inflammable liquids produced or compounded for the purpose of, or which may be used in, operating or propelling motor vehicles except kerosene and except unfinished products requiring rerun, blending, or compounding and which are not used or sold for use in such form for the purpose of operating or propelling motor vehicles.

(c) "Distributor" shall mean and include every person, firm, association or corporation who refines, manufactures, produces or compounds motor vehicle fuel in this state and sells the same in this state; also every person, firm, association or corporation who imports any motor vehicle fuel into this state and sells the same in this state whether in the original packages or containers in which it is imported or otherwise than in such original packages or containers; or imports any such fuel for his own use in this state; also every person, firm, association or corporation who, having acquired in this state in the original package or container motor vehicle fuel which has been imported into this state, shall distribute or sell the same, whether in such original package or container in which the same was imported or otherwise than in such original package or container.

(d) "Service station" is a place operated primarily for the purpose of delivering motor vehicle fuel into the fuel tanks of motor vehicles.

Sec. 2. Every distributor shall within ten days after this act becomes effective and thereafter any person, firm, association or corporation before becoming a distributor shall register as such with the state board of equalization on forms to be prescribed, prepared and furnished by said board of equalization, and said state board of equalization shall issue to such distributor a license which shall be valid until revoked by said board as hereinafter provided.

Sec. 3. Every distributor shall from and after September 30, 1923, in addition to any other taxes provided by law, pay a license tax to the state controller of this state of two cents for each gallon of motor vehicle fuel refined, manufactured, produced or compounded by such distributor in this state and sold and delivered by him in this state, or imported by such distributor into and distributed or sold by him in this state otherwise than in the original package or container in which such motor vehicle fuel was imported into this state, and for each gallon of motor vehicle fuel imported into this state and thereafter acquired by such distributor in the original package or container in which the same was imported and thereafter distributed or used by such distributor or sold by him otherwise than in the original package or container in which the same was imported into this state and for each gallon of motor vehicle fuel sold, distributed or used by him from any stock on hand or held in storage by him on September 30, 1923. From any amount found to be due upon any report hereunder the distributor shall first be

allowed to deduct one per cent of the tax otherwise due hereunder to cover subsequent losses occasioned by evaporation and handling.

Sec. 4. License taxes herein required to be paid shall be paid in quarterly installments to the state controller for the quarters ending December thirty-first, one thousand nine hundred twenty-three, and ending March thirty-first, June thirtieth, September thirtieth and December thirty-first in the year one thousand nine hundred twenty-four and each year thereafter. The amount of such license tax becoming due during each such quarter shall be paid within forty days after the end of the quarter for which the same is due.

Sec. 5. Every distributor shall keep a record in such form as the state board of equalization shall require, showing the total number of gallons of motor vehicle fuel refined, manufactured, produced or compounded in this state and sold by such distributor within this state during each quarter; showing the total number of gallons of motor vehicle fuel imported into this state by such distributor and sold or distributed by such distributor in this state during each quarter, whether in the original package or container in which the same was imported or otherwise than in such original package or container and the total number of gallons of such fuel acquired by such distributor in the original packages or containers in which the same was imported into this state and thereafter sold, distributed or used by him.

Sec. 6. Each distributor shall, within twenty days after the quarter ending December thirty-first, one thousand nine hundred twenty-three, and within twenty days after the end of each following quarter, file on forms to be prescribed, prepared and furnished by the state board of equalization, a verified statement showing the total number of gallons of motor vehicle fuel refined, manufactured or compounded by such distributor within this state and sold during such quarter by such distributor within this state; the total number of gallons of motor vehicle fuel imported into this state by such distributor and sold or distributed within this state by such distributor during such quarter, when sold or distributed otherwise than in the original packages or containers in which imported into this state or used by such importer; also the number of gallons of such fuel acquired by him in the original package or container in which the same was imported into this state and thereafter sold, distributed or used by him; and such other information as the state board of equalization may require. The state board of equalization shall compute the license tax due or to become due hereunder, and extend the same upon a tax roll prepared and kept for the purpose, and on or before thirty days from and after the close of each quarterly period as herein defined, shall deliver said tax roll to the state controller, who shall give due notice of the dates when said taxes will become due.

Sec. 7. All motor vehicle fuel distributed by any distributor to any of its service stations, or other agencies, tank trucks, wagons, boats, barges, or other facilities operated by such distributor in this state shall for the purposes of this act be considered in the same manner and the same license tax shall be paid upon such motor vehicle fuel as though the same had been sold and delivered by such distributor; provided, that the amount of motor vehicle fuel distributed during any quarter to any such agency, tank truck, wagon, boat, barge, or other facility operated by the distributor is hereby defined to mean the amount thereof thereafter found to have been sold and delivered therefrom during such quarter plus one-ninety-ninth thereof but excluding therefrom deliveries to service stations operated by such distributor.

All motor vehicle fuel used by a distributor in the operation of any motor vehicle shall for all the purposes of this act be considered in the same manner and the same license tax shall be paid upon such motor vehicle fuel as though the same had been sold by such distributor.

Nothing in this act shall be construed as requiring the payment of the license tax herein specified upon more than one sale, distribution or transfer of the same motor vehicle fuel.

Sec. 8. It shall be unlawful for any distributor to fail, neglect or refuse to make and file any statement required by this act in the manner or within the time therein provided, or to make any such statement false in any particular.

Sec. 9. If any distributor shall fail, neglect or refuse to file the reports herein provided, the state board of equalization, immediately after such time has expired, shall proceed to inform itself as best it may regarding the matters and things required to be set forth in such statement, and, from such information as it is able to obtain, shall make a statement showing such matters and things and shall determine and fix the amount of the license tax due to the state from such distributor for such quarter, and shall add to the amount of such license tax a penalty of twenty-five per cent thereof, and shall deliver such statement to the state controller who shall proceed to collect the amount of such license tax with the penalty added thereto, together with interest on the whole thereof at the rate of seven per cent per annum from the date upon which such statement should have been filed, and the distributor is thereafter estopped from complaining of the amount thereof.

Upon the request of the state controller, it shall be the duty of the attorney general to commence and prosecute to final determination in any court of competent jurisdiction an action at law to collect any tax herein imposed which is delinquent and all penalties and interest accrued.

Sec. 10. The provisions of this act requiring the payment of license fees shall not be held or construed to apply to motor vehicle fuel imported into this state in interstate or foreign commerce and intended to be sold in the original and unbroken tank cars or other original receptacles, containers or packages and so sold while the same are in interstate or foreign commerce nor to any motor vehicle fuel exported or sold for exportation and exported for use outside this state, nor to any motor vehicle fuel delivered under contracts entered into prior to the fourteenth day of May, 1923, nor to any motor vehicle fuel sold to the government of the United States or any department thereof.

Sec. 11. Any person, firm, association or corporation who shall buy and use any motor vehicle fuel for purposes other than in motor vehicles operated, or intended to be operated upon the public highways of the State of California or export the same for use outside of this state; also any person, firm, association or corporation who shall buy any motor vehicle fuel and use the same exclusively in the transportation of rural free delivery mails, and who shall have paid any license tax for such motor vehicle fuel hereby required to be paid, either directly or to the vendor from whom it was purchased, or indirectly by the adding of the amount of such tax to the price of such fuel, shall be reimbursed and repaid the amount of such tax paid by him or it upon presenting to the state controller an affidavit accompanied by the original invoices showing such purchase, which affidavit shall be verified by the oath of the claimant and shall state the total amount of such fuel so purchased and used by said consumer other than in motor vehicles operated or intended to be operated upon any of the public highways in the State of California. The said state controller, upon the presentation of such affidavits and such invoices or vouchers, shall cause to be paid to such consumer, from the license taxes collected in accordance with the provisions of this act, an amount equal to the license taxes collected hereunder on the motor vehicle fuel so purchased or so used. All such applications shall be filed with the state controller within six months from the date of the purchase of such motor vehicle fuel. Any application filed after such six months shall not be

considered for any purpose by the state controller, the treasurer or the State of California.

Sec. 12. The state board of equalization shall have the power and it is hereby authorized to make any and all such examinations of the records of distributors as it may deem necessary in carrying out the provisions of this act. The cost if any of such examination to be payable from the regular appropriation for clerical assistance of said board.

Sec. 13. All moneys received by the state controller in payment of license taxes under the provisions of this act shall be by him deposited in the state treasury and credited to the "motor vehicle fuel fund," which fund is hereby created. One-half of all moneys remaining in said "motor vehicle fuel fund" after the refunds herein provided for have been paid shall be paid therefrom to the counties of the state as hereinafter provided in the proportion which the number of vehicles registered in each of said counties bears to the total number of such vehicles registered in the state as determined by the places of residence of the owners to whom the registration certificates for such vehicles have been issued by the state during the current year, and it is hereby made the duty of the motor vehicle department to furnish to the state controller a record of the number of such registrations by counties. All such amounts so paid to the several counties shall be paid into a special road improvement fund. Such fund shall be expended by the county receiving it exclusively in the construction and maintenance of roads, bridges and culverts in each county. In the event that any county has not established such a road fund, its proportion of such fund shall be retained by the state until provision for such a road fund has been made, and it shall then be paid over to such county.

In the months of May and November of each year, the treasurer shall make a report to the state controller setting forth the gross amounts received and the net receipts remaining after the payment of the refunds herein provided for for the preceding six months, and thereupon the controller shall draw his warrant upon the "motor vehicle fuel fund" in favor of each county in the state for the amount to which each such county is entitled. The controller shall not draw such warrant in favor of any county which shall not have established such a road fund as is herein required or which shall be delinquent in its annual report to the state department of public works as hereinafter required.

The board of supervisors of each county shall make an annual report to the state department of public works not later than three months after the close of the county's fiscal year upon forms to be provided by such department, showing the amount of moneys received from the "motor vehicle fuel fund" during the preceding fiscal year and the disposition of said moneys,

giving such details as to the disposition of said moneys as may be required by said department. Whenever such report shall not have been duly filed in the manner and form herein provided for at or before the time herein specified, the state controller shall not draw his warrant in favor of the treasurer of such county until said report has been filed.

All moneys in the "motor vehicle fuel fund" other than those hereinbefore appropriated, are hereby appropriated to and shall by the state treasurer be paid into the "state highway maintenance fund," which fund is hereby created, and shall be used for the maintenance, repair, widening, resurfacing and reconstruction of the state highways, and for the maintenance, repair, widening, resurfacing and reconstruction of roads and highways in state parks, subject to the approval of the official or officials charged by law with the management and control of such parks, such moneys to be drawn from the state highway maintenance fund for the purpose of such maintenance, repair, widening, resurfacing and reconstruction upon warrants drawn by the state controller upon demands made by the state highway commission and allowed and audited by the state board of control.

Sec. 14. Any person, firm, association or corporation or any officer or agent thereof violating any of the provisions of this act, or unlawfully making any false statement, or concealing any material fact in, any record, report, affidavit or claim provided for herein, shall be guilty of a misdemeanor, unless such act is by any other law of this state declared to be a felony, and upon conviction thereof shall be punished by a fine of not less than five hundred dollars nor more than five thousand dollars, or by imprisonment in the county jail not exceeding six months, or by both such fine and imprisonment.

The state board of equalization shall have power to revoke the license of any distributor refusing or neglecting to comply with the provisions of this act.

Sec. 15. If any section, subsection, sentence, clause or phrase of this act is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this act. The legislature hereby declares that it would have passed this act and each section, subsection, sentence, clause and phrase thereof irrespective of the fact that any one or more of the sections, subsections, sentences, clauses or phrases be declared unconstitutional.

Sec. 16. All acts and parts of acts inconsistent with the provisions of this act are hereby repealed.

Sec. 17. This act shall go into effect upon the thirtieth day of September, one thousand nine hundred twenty-three, provided there shall have been theretofore enacted that certain act to be known and cited as the "California vehicle act" introduced in the forty-fifth session of the legislature as Senate Bill No. 743.

SALARIES OF STATE OFFICERS. Senate Constitutional Amendment

23. Amends Section 19 of Article V of Constitution. Declares compensation of Secretary of State, Controller, Treasurer, and Surveyor General, shall be seven thousand dollars each per year, Attorney General and Superintendent of Public Instruction eight thousand dollars each per year; such compensation to be in full for all official services during their respective terms of office; provides that the Legislature may diminish such compensation but can not increase the same.

YES

NO

Senate Constitutional Amendment No. 23—A resolution to propose to the people of the State of California an amendment to the constitution of said state by amending section nineteen of article five thereof, relating to the compensation of executive officers.

Resolved by the senate, the assembly concurring, That the legislature of the State of California

at its forty-sixth regular session commencing on the fifth day of January, one thousand nine hundred twenty-five, two-thirds of all the members elected to each of the two houses voting in favor thereof, hereby proposes to the people of the State of California that section nineteen of article five of the constitution be amended to read as follows: